

REPORT NO.3

MAY 2012

Standing Committee on Appropriations and Administration

Budget Estimates 2012–2013

DEPARTMENT OF THE HOUSE OF REPRESENTATIVES

ISBN 978-0-642-79664-6 (Printed Version)

ISBN 978-0-642-79665-3 (HTML Version)



With the exception of the Commonwealth Coat of Arms and where otherwise noted all material presented in this document is provided under a Creative Commons Attribution 3.0 Australia (<http://creativecommons.org/licenses/by/3.0/au/>) licence.

The details of the relevant licence conditions are available on the Creative Commons website (accessible using the links provided) as is the full legal code for the CC BY 3.0 AU licence (<http://creativecommons.org/licenses/by/3.0/au/legalcode>).

The document must be attributed as the Standing Committee on Appropriations and Administration Report No. 3 Budget Estimates 2012–2013, Department of the House of Representatives, May 2012.

MEMBERS OF THE COMMITTEE

The Speaker (ex officio, Chair), Hon Peter Slipper MP

Ms N Marino MP (Deputy Chair)

Mr J Fitzgibbon MP

Ms J Hall MP

Mr E T Jones MP

Mr C Kelly MP

Mr B Scott MP

Mr K Thomson MP

Ms M Vamvakinou MP

Secretariat

Secretary Ms Robyn McClelland

Research Ms Kay Saunders

THE COMMITTEE

The Standing Committee on Appropriation and Administration, appointed under standing order 222A, considers estimates of the funding required for the operation of the Department of the House of Representatives for each year and provides to the Speaker for presentation to the House and transmission to the Minister for Finance and Deregulation, estimates of amounts for inclusion in the appropriation bills for the Department.

The committee also considers proposals for changes to the administration of the Department of the House of Representatives or variations to services provided by the Department, other matters of finance or services as may be referred to it by the Speaker or the House, the administration and funding of security measures affecting the House, and proposals for works in the parliamentary precincts that are subject to parliamentary approval. The committee reports on these matters to the Speaker or the House, as appropriate.

When conferring with the Senate Standing Committee on Appropriations and Staffing, the committee may consider estimates of the funding required for the operation of the Department of Parliamentary Services (DPS) each year, and provide to the Speaker for presentation to the House and transmission to the Minister for Finance and Deregulation, estimates of amounts for inclusion in appropriation bills for the DPS.

The committee makes an annual report to the House on its operations (standing order 222(a)(vi)).

Introduction

Standing order 222A(a) (ii) requires that the committee provide to the Speaker for presentation to the House the amounts for inclusion in the appropriation bills for the Department of the House of Representatives.

Proposed Appropriation for 2012–13

1. Departmental Annual Appropriation

The amount to be included for the Department of the House of Representatives in Appropriation (Parliamentary Departments) Bill (No. 1) 2012–2013 is calculated in accordance with current Commonwealth funding policy. Under this policy, the prior year's appropriation amount is adjusted by application of an efficiency dividend and a parameter adjustment and any applicable Budget measures.

The committee endorsed the department's proposals to seek additional operational funding in the form of New Policy Proposals for the Budget and three out-years totalling \$2.148m, for the following:

- legislative drafting services for Private Members;
- additional committee resources recommended by the external review of Committee Office staffing;
- the Joint Select Committee on Cyber-Safety; and
- the new statutory role for the Joint Committee of Public Accounts (JCPAA) in overseeing the Parliamentary Budget Office (PBO).

In response, the Government agreed to additional funding of \$0.487m over the Budget and three out-years to support the JCPAA's oversight of the PBO. The measure 'Joint Select Committee on Cyber-Safety', was agreed, only if the costs were absorbed by the department.

The committee reports its disappointment that only some of the requested supplementary funding will be provided. While the additional funding that has been provided is welcome, the one-off increase in the efficiency dividend of 2.5 percent will result in a net outcome for the department's operational funding of a reduction of \$1.7m over the Budget and three out-years. The extent to which the department's budget will be under pressure, however, is much greater, as there is no agreement to fund core services that the department is continuing to provide. The pressure on the department's budget is in spite of the implementation of a range of savings measures and expenditure reductions over the past 15 to 20 years.

The committee notes with concern the following statement from the department's Portfolio Budget Statements:

The longer term outlook shows the department's budgetary position will become more difficult in the forward years. Consequently, the department, as well as adopting a conservative approach to the use of resources through the final year of the 43rd Parliament including continually seeking to deliver its services as efficiently as possible, will likely need to make further expenditure reductions, both reviewing existing activities and considering any new services in light of the funding outlook.¹

¹ Department of the House of Representatives *Portfolio Budget Statements 2012 – 2013*, May 2012, p 8.

	(\$'000)	(\$'000)
Appropriation 2011–12 (as per Appropriation (Parliamentary Departments) Act (No. 1) 2011-2012)		23,253
Estimate of Appropriation 2012-13 as reported in 2011-12 PBS		23,406
Efficiency Dividend increase	-553	
Parameter adjustment	-21	
Departmental Capital Budget 20% reduction	-263	
Department of Finance and Deregulation - transfer of function	2	-835
<u>Expense Measures</u>		
Support for the Joint Committee of Public Accounts and Audit – Parliamentary Budget Office	+120	+120
Appropriation 2012–13 (as per Appropriation (Parliamentary Departments) Bill (No. 1) 2012-2013)		22,691

2. Departmental Capital Appropriation

The annual appropriation includes an amount for capital expenditure of \$1.050m, as disclosed in the department's 2012–2013 Portfolio Budget Statements (PBS). This reflects the reduction of 20 percent applied to departmental capital budgets across government.

3. Accumulated Prior Year Appropriation and Operating Results²

The department also has access to resources accumulated from prior years. The department can use these funds to fund liabilities (including provisions for employee expenses) and capital purchases that are not provided for in the departmental capital budget. They can also be used to fund operational losses should the situation arise. As mentioned, however, it has been the policy of the department over many years to implement savings measures so that expenditure can remain within budget and be sustainable in the longer term.

	2011–12 (\$'000)	2012–13 (\$'000)
Prior year departmental appropriation	13,737	10,743
Estimate of total Comprehensive Income attributable to the Department	-550	Nil

² Amounts relating to the special accounts are not included.

4. Special Appropriations (Members' remuneration and entitlements)

Special appropriations for 2012–2013 comprise the following amounts:

Department of Finance and Deregulation	(\$'000)
<i>Parliamentary Entitlements Act 1990</i>	450
<i>Parliamentary Superannuation Act 2004</i>	2,714
<i>Ministers of State Act 1952</i>	3,428
Australian Public Service Commission	(\$'000)
<i>Remuneration Tribunal Act 1973</i>	8,797
<i>Remuneration and Allowances Act 1990</i>	28,988

The department accesses these special appropriations by way of a third party drawing right. The amounts are disclosed in the respective agency Resource Statement in the PBS.

The special appropriation funding has increased this year for two reasons: the department assumed responsibility for payment of Ministerial salaries from December 2012, and Members of Parliament received a salary increase with effect from 15 March 2012.

In summary:

The **total appropriation** to be approved by the Parliament for the Department of the House of Representatives in the Appropriation (Parliamentary Departments) Bill (No. 1) 2012–2013 will be **\$22.691m** (compared to \$23.253m in 2011–12).

The department will also draw down on **special appropriations** of **\$44.377m** (compared to an estimate of \$32.508m in 2011–12).

The committee reports to the House of Representatives accordingly.

Hon Peter Slipper MP
Chairman

May 2012